

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF VERIZON DELAWARE LLC FOR ITS)
ANNUAL PRICE CAP FORMULA IN) PSC DOCKET NO. 16-0636
ACCORDANCE WITH SECTION 707(B) OF)
THE TELECOMMUNICATIONS TECHNOLOGY)
INVESTMENT ACT)
(FILED MAY 11, 2016))

ORDER NO. 8913

This 12th day of July, 2016, the Public Service Commission (the "Commission") determines and orders the following:

WHEREAS, on July 15, 2013, Verizon Delaware LLC ("Verizon") elected under 26 Del. C. §704(a) to have its rates and prices for telecommunication services governed by the Telecommunications Technology Investment Act (i.e., Subchapter VII-A of Title 26 of the Delaware Code); and

WHEREAS, a telecommunications provider which has made an election under 26 Del. C. §704(a) is required by 26 Del. Admin. C. §§4005-3.1 and 3.2 to submit to the Commission and interested parties no later than March 31 of each year a Price Index Report ("PI Filing"); and

WHEREAS, on May 10, 2016, Staff notified Verizon that it had discovered that the Company had failed to file the PI Filing as required; and

WHEREAS, upon discovering the issue, Verizon agreed that it had inadvertently failed to complete the filing and that the Company would complete the filing as expeditiously as the information could be gathered; and

WHEREAS, on May 11, 2016, Verizon filed, in the form of a letter, its annual price index report/price cap filing for the year 2016 (the "2016 PI Filing"). This letter explained that inflation remained positive, so any calculations under the "Price Cap Formula" would yield a rate increase in switched access rates. Nevertheless, Verizon cannot implement any switched access rate increase because Delaware and federal laws do not permit such an increase. See 26 Del. C. §707(c)(1) ("A service provider may not increase switched access rates unless required to maintain parity with its interstate switched access rates");¹ and

WHEREAS, Verizon published notice of the 2016 PI Filing in the The News Journal on May 21, 2016, and in the Delaware State News on May 22, 2016. Staff has not received any public comments in response to the publications or the 2016 PI Filing; and

WHEREAS, the Commission Staff has reviewed Verizon's 2016 PI Filing, has found it to be in compliance with Delaware laws and regulations, and has submitted to the Commission a memorandum recommending approval of the 2016 PI Filing;

¹ See also Connect America Fund; a National Broadband Plan for Our Future, Establishing Just and Reasonable Rates for Local Exchange Carriers; Developing a Unified Inter-carrier Compensation Regime, etc., WC Docket No. 10-90, Report and Order and Further Proposed Rulemaking (Nov. 18, 2011), ¶801, Figure 9 (for price cap carriers like Verizon, "[a]ll inter-carrier switched access rate elements, including interstate and intrastate originating and terminating rates and reciprocal compensation rates are capped.")

**NOW, THEREFORE, IT IS HEREBY ORDERED BY THE AFFIRMATIVE
VOTE OF NOT FEWER THAN THREE COMMISSIONERS:**

1. The Commission has considered Verizon's 2016 PI Filing and, pursuant to 26 *Del. Admin. C.* §4001-3.2,² approves the 2016 PI Filing as submitted on May 11, 2016.

2. The Commission grants a waiver of the filing date as required by 26 *Del. Admin. C.* §§4005-3.1 and 3.2 and determines that the failure to meet this regulatory requirement is not material to its decision to grant or deny the filed Application. We find this Application, published in a public newspaper, to be an adequate substitute for the requirement set forth in 26 *Del. Admin. C.* §§4005-3.1 and 3.2.

3. The Commission reserves the jurisdiction and authority to enter such further Orders in this matter as may be deemed necessary or proper.

BY ORDER OF THE COMMISSION:

Chair

Commissioner

Commissioner

² Under 26 *Del. Admin. C.* 4005-3.2, the Commission will, to the extent possible, approve or adjust the PI Report no later than 120 days after such filing.

Commissioner

Commissioner

ATTEST:

Secretary